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C O N F I D E N T I A L SECTION 01 OF 05 MINSK 001347

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SUBJECT: Belarus and Russia to Unite? Not this Year

Refs: (A) Minsk 904, (B) Minsk 499, (C) Minsk 1231

Classified by Ambassador George Krol for Reasons 1.4 (B,D)

¶1. (C) Summary: Reportedly on November 15, Presidents Putin and Lukashenko are scheduled to review the latest draft of the Constitutional Act on the Belarus-Russia union (although rumors now circulate that this could be postponed to December). The draft has not been made public, and is reportedly incomplete. It remains unknown what sort of union the Act envisions, although some details concerning the union parliament have been leaked. The Act would have to be adopted in popular referendum in both countries. Several analysts have predicted Belarus would seek to hold its referendum concurrently with presidential elections, to give Lukashenko's inevitable "reelection" legitimacy. Even if adopted, the Act may only provide for a lengthy transition to union, not union itself. Belarusian analysts say Russia wants union, while Lukashenko does not. However, Lukashenko needs Russia, so he needs to appear to support the union politically, while working against it ever coming into force. End summary.

¶2. (U) On October 20, the commission preparing the draft Constitutional Act (CA) for the proposed Belarus-Russia union met in Moscow. Participants in that meeting have told the press the draft CA will be reviewed by the Supreme State Council of the union state (i.e. Presidents Putin and Lukashenko) on November 15. This cable explains what the CA is believed to be, and Belarusian reaction to this latest step towards union.

The Easy Part is Done

¶3. (SBU) Participants in the October 20 meeting, namely Speaker of the Russian Duma Boris Gрызлов and Head of the International Affairs and CIS Relations Committee of the Belarusian parliament Vadim Popov, announced the CA is only 90 percent complete. Independent analysts argue the completed portion represents the easy decisions, such as creating a common customs space (for example, the two states have already unified 86 percent of tariffs). The remaining ten percent contains markedly more difficult issues, such as whether there will be a union state president, what form union would take (a single state, something EU-like, or a loose confederation), or how to implement the proposed single currency.

What is the Union State?

¶4. (SBU) The draft CA has not been made public, but from

press comments it appears to be nearly identical to earlier draft CA's from 1999 and 2003. If accepted, the CA would modify the constitutions of Russia and Belarus, but in what way depends on what the CA says. The union state would have a bicameral parliament. The upper chamber, the House of the Union, would consist of 72 senators, half from each Belarus and Russia seconded from the two countries' parliaments. The lower chamber, the House of Representatives, would have 75 deputies from Russia and 28 from Belarus elected directly in popular elections. Press reports say a Prime Minister would head the union state, although one analyst claimed the CA does not outline how the PM is chosen. Other press reports describe a presidency rotating between the Russian and Belarusian presidents. One press source added the union state would also include a court and a Bureau of Accounts.

15. (SBU) Popov told the press the Supreme State Council would be the highest body in the union state. He outlined the hierarchy in the following example, "If the union government prepared a budget, it would be accepted by the union Parliamentary Assembly, but only the Supreme State Council could approve it." Popov also stated the union state commission debated putting a union state presidency into the draft CA, but decided such a step was premature.

So What Happens Next?

16. (SBU) All agree the CA would have to be approved by popular referendum in both Russia and Belarus. Different experts have outlined different timelines. Gryzlov predicted the referendum would be held in both countries on

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March 12. Pavel Borodin, State Secretary of the Union, said it would be in October or November 2006. Lidiya Yermoschina, head of Belarus' Central Election Commission, explained the GOB's view in detail to Belarus' state press agency. She said that if Putin and Lukashenko agree to the text on November 15, the CA would go to the Parliamentary Assembly of the Belarus-Russia Union for consideration. They would consider the draft and make changes through the end of January or the middle of February. From there it would go back to Lukashenko and Putin. If both presidents approve the text, they would send it to their national parliaments for ratification. Yermoschina thought that would occur in mid-March for Belarus. After ratification the two countries would announce public referendum on the CA. Yermoschina stated, "It is wished that these would happen on the same day." [Note: this implies it could be held on different days.] As it would take three months to prepare any referendum, the earliest they could occur in this timeline would be mid-June. [Note: Belarusian presidential elections have to be held no later than mid-July, so it is likely the GOB would hold the referendum on the same day, as it did with the October 2004 referendum, to distract from the presidential elections.]

And then there is a Union? Maybe Not

17. (SBU) Belarusian independent press has quoted Pavel Borodin, perhaps the most enthusiastic supporter of union, as saying the current Constitutional Act is only a transitional document. He said the CA anticipates creating a six to seven year period of gradually phasing in the union state. Both the 1999 and 2003 drafts, which were made public, were also transitional in character. Belarusian independent press has also picked up on a comment made by Gryzlov, where he said that only after/after the CA passed both referendum would it be published in the Belarusian and Russian press (implying the people would vote without knowing what is in the text). It

would then enter into force 30 days after the referendum.

Belarusian Experts Skeptical

¶18. (C) Econoff discussed the union state with Yaroslav Romanchuk on October 26 and Andrey Suzdaltsev on October 28. Romanchuk heads a political/economic think tank and is a deputy leader in the opposition United Civic Party. Suzdaltsev is an independent political analyst who wrote his dissertation on the union state. Both had participated in a Gleb Pavlovsky-hosted discussion on the union state in mid-October in Moscow.

¶19. (C) Despite the flurry of press, Romanchuk does not think any serious progress towards union has been made. He argued that, as always, the main unresolved issues are whether there will be a union president, and what form union will take (a unitary state, something resembling the EU, or a loose confederation).

¶10. (C) Both agreed that Russia wants union, and Lukashenko does not. [Note: Lukashenko's angry reaction to comments made by Russia's proposed Ambassador to Belarus in June, that he would be the last ambassador before union, bear this out Q ref A. As a result of that flap, Russia still has no ambassador in Minsk.] Romanchuk claimed the union is being pushed by Russian chauvinists out to recreate the USSR/Russian Empire, while Suzdaltsev opined Putin wants to create a greater pro-Russian bloc, and that Russia's elites see union as a natural development. Lukashenko is against union because it would decrease his own powers. However, Lukashenko needs Russia. He is afraid of what he sees as Western efforts to unseat him in 2006, and wants Russian support when he runs for president. Lukashenko also needs continued cheap Russian oil and natural gas, as well as easy access to the Russian market, to keep the Belarusian economy growing. Suzdaltsev argued Lukashenko therefore needs to convince Putin he supports union, while really trying to forestall it.

Will Lukashenko Sign the Constitutional Act?

¶11. (C) Romanchuk and Suzdaltsev both believe Lukashenko will probably sign the CA, and then schedule the referendum for the same day as Belarusian presidential elections (most

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likely on July 16). Both agree Lukashenko would use the referendum to solidify his reelection, but differ as to how. Romanchuk stated Lukashenko would most likely "reluctantly" sign the CA, but then campaign against union and for Belarusian independence, thereby co-opting a plank in the opposition's platform. Suzdaltsev thinks Lukashenko would campaign in favor of the referendum and then use its passage to give his own inevitable "reelection" legitimacy, as well as to ensure Belarus keeps getting cheap Russian energy. However, Lukashenko would be careful to include language that mandates further discussions on union through 2008 to make sure no real progress is made until after Putin leaves office. In this way Lukashenko would use the referendum only to further his own political life while making no serious step toward union with Russia.

¶12. (C) [Note: Suzdaltsev also stated Lukashenko is using the opposition to legitimate his reelection. He allowed the 10+ coalition to hold its nomination congress in Minsk, against all predictions, to ensure there is an opposition candidate. State media has so far not attacked that candidate, and will hold off until he officially registers as a candidate, at which point they will attack viciously.]

Lukashenko under Pressure

¶13. (C) Romanchuk said his sources inside the GOB say Lukashenko thinks Russia is bluffing with this talk of union. However, Lukashenko reportedly returned from his recent vacation to Sochi very depressed because "a number of Russians gave him ultimatums" that he had better accept the union. Romanchuk believes the Kremlin will place serious pressure on Lukashenko two or three days in advance of the November 15 CA review to accept Russia's position on the outstanding issues. (The Russian charge d'affairs recently told Ambassador that it looks like the November 15 Putin-Lukashenko meeting may be postponed until December.)

¶14. (C) Romanchuk has heard the Kremlin is considering replacements for Lukashenko in the event he does not sign the CA. According to rumors, two possible replacements are State Control Committee head Leonid Tozik and former Prosecutor General Oleg Bozhelko. [Note: Bozhelko had "resigned" after investigating the disappearance of prominent Belarusian opposition leaders.] Romanchuk added that General Pavlov, a retired Belarusian general living in Moscow, claimed Putin recently met with Russia's preferred Belarusian presidential candidate. Pavlov would not say who that person was, only that it is not Social-Democrat Aleksandr Kozulin. Any Russian-backed candidate can be expected to expose Lukashenko's corruption or role in the disappearance of opposition figures as part of his campaign. If Lukashenko in the end does not agree to union, Romanchuk believes the effectiveness of Russia's response (such as supporting a different presidential candidate) will be very indicative of Russia's real power in the near abroad.

¶15. (C) Suzdaltsev claimed Putin is fed up with Lukashenko. He said in the past several presidential meetings, whenever Putin raises union Lukashenko quickly agrees, even before Putin stops talking. Lukashenko then immediately reneges on whatever he agreed to. In a meeting in Sochi in April, Suzdaltsev explained Lukashenko asked Putin for Russian support when he runs for reelection. Putin agreed, if Lukashenko signs the CA. Suzdaltsev believes Gazprom will be the best indicator of Russian intentions. Despite Belarusian announcements, the two countries have not signed an agreement on gas deliveries for 2006. When and on what terms a deal is signed will show whether the two sides have reached an agreement on union.

Real Barriers to Greater Union

¶16. (C) Currently there are very few tangible signs that Russia and Belarus have been developing a union seriously after ten years of discussion. The border between the two is open, but Belarus is considering reimposing customs controls to limit losses in trade under new VAT rules. The two countries have a common air defense system, but a Russian offer to provide for free S-300 missiles fell apart and Belarus is now paying USD 13 million for the system. Russia maintains two small military bases in Belarus, and Belarus conducts some military training in Russia. Belarus was supposed to have adopted the Russian ruble in January

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2005, but this has been delayed repeatedly as Belarus presented several improbable demands (ref B).

¶17. (C) Despite ten years of talks, Romanchuk maintained Belarus' nomenclature, military and security services are all against union. All would lose position and authority if Belarus lost independence. Moreover, Lukashenko has carefully placed his own people throughout the government, who will follow his lead on union. This is especially true in the BKGB, which Lukashenko purged to cut their ties with

Russia's FSB. Suzdaltsev, on the other hand, opined the Belarusian nomenclature does not like Moscow, but will grudgingly support union as they know Belarus cannot get gas from the West. Romanchuk believed the Belarusian people increasingly oppose union. [Note: according to the IISEPS September poll, only 13 percent of Belarusians support uniting with Russia into a single state, while 50 percent support a looser union that would preserve Belarusian sovereignty; ref C.]

¶18. (C) Suzdaltsev argued Lukashenko would also renege on agreements with Gazprom to privatize Belarus' domestic gas distribution network, Beltransgaz. Both Romanchuk and Suzdaltsev asserted Belarus and Ukraine recently began repairing relations and are talking about presenting Russia with a united front to use Russian dependence on them for gas transit as leverage.

¶19. (C) Suzdaltsev pointed out that GOB officials have by and large remained silent on union; most of the press statements are from Russian officials. Belarus' state press has also been largely quiet. On the other hand, Suzdaltsev claimed Belarusian state media has been quite critical of Russia since the beginning of summer. He sees this as a sign Lukashenko is trying to build popular sentiment against union.

Comment

¶20. (C) Comment: Exactly what the Constitutional Act means for progress on the union state will largely depend on what is in the CA. So far many of the main points remain undecided or have not been made public. When a draft of the CA appeared in the independent press in 2003, the then Russian Ambassador in Belarus told the then U.S. Ambassador that the CA was a meaningless document. This probably remains true today. We agree with the Belarusian analysts that strong progress on union is unlikely. Despite ten years of talk, Russia and Belarus have made little progress, and it is clear political will is lacking, at least on the Belarusian side. Despite general agreements on a single currency, Lukashenko publicly supports his National Bank when they further delay introduction of the Russian ruble. Lukashenko also lambasted Russia's incoming Ambassador for stating his main task would be to bring about union and put himself out of a job. After that gaffe, Russia has not had an Ambassador in Minsk for five months, and has yet to name a replacement.

¶21. (C) Comment cont'd: The union may be attractive to some in both countries. Russia's hardliners would gain the satisfaction of solidifying their sphere of influence and preserving a buffer against NATO. However, Russia would carry the political and economic burden of Belarus under Lukashenko's dictatorship. But the Russian Federation contains many such dictatorships within its current composition. For Belarus, union would mean cheap energy resources and presumably Russian capital flowing in to buy out Belarusian firms. This could stimulate more reform, but the Lukashenko regime would lose economic and political power, while Belarus would clearly lose its de facto independence, if Russia has its way. Under these circumstances, it is easy to see why Russia pushes union, while Lukashenko plays the reluctant bride. Ever the clever politician, Lukashenko seeks to use the union issue as he sees fit. After all, he created the concept years ago, and now uses it adroitly, both against Russia and domestically to keep himself in power. Belarus has not implemented most of the reforms that Russia has, and is in fact re-nationalizing what little Belarusian industry was under private control. Belarus' tax and business laws are overly complex and restrictive, to the point where GOB officials do not even understand them. From the Belarusian side, the GOB has actively hindered Russian companies gaining control of Belarusian firms. Even the loosest union would force Lukashenko to give up some political and

economic means of control. Such issues put further doubt

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on union progress.

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